

Future Leisure Management Arrangements



To:

Councillor Anna Smith Executive Councillor for Communities and Environment and Community Services Committee - 24th March 2022

Report by:

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Wards affected:

All

Key Decision

1. Executive Summary

The report sets out a proposed approach for a strategic review of the council's leisure provision that will inform a future management options appraisal. The report also recommends a rationale to extend the current leisure management contract by 30 months, until 31 March 2026 and covers the findings arising from 2021/22 trial of winter opening hours at Jesus Green Lido (JGL).

2. Recommendations

The Executive Councillor is recommended to:

1. Agree the proposed approach for completing a strategic review of leisure, to help inform the most optimal future leisure management arrangements for the council
2. Approve the officer recommendation to extend the current management contract for 30 months until 31st March 2026, under the same terms, but for a reduced management fee
3. Note the findings of GLL's review of the Jesus Green Lido winter opening pilot and agree to its continuation under the same arrangements
4. Note the update and progress on carbon reduction plans at the Council's swimming pools

3. Background

3.1 Since 1990, leisure management within the city has been externalised in turn, to three leisure operators. The current contract was awarded to Greenwich Leisure Limited (GLL), known by the brand name 'Better', following an EU competitive tender exercise. This commenced in October 2013 on a seven-year contract, with an option to extend for a further three years. To allow further investments and payback to be realised, approval was given in July 2016 to the 3-year extension, and this is due to end 30 September 2023.

3.2 The current management fee paid by the council to GLL in the current financial year, is £501K.

3.3 The leisure operator contract represents one of the council's highest value service contracts, although through competitive tendering to the specialist leisure operator market, it has achieved significant improvements in value for the council over the last 30 years. During this time, the contract fee has reduced from more than £1m pa in the 1990 to 2003 contract, and from over £700K in the 2003 to 2013 contract, to the current cost of £501K pa (from a £425K start in Oct 2014, only being increased by annual indexation of September's Consumer Price Inflation).

3.4 GLL has also funded a significant programme of capital improvement works to improve both customer experience and income generation, and has worked in partnership with the council to deliver its decarbonisation programme at individual facilities.

4. Contract Extension

4.1 In pre-pandemic circumstances, officers would be planning for the end of the current contract term in September 2023, to give sufficient lead in time to complete options appraisal work and to prepare a tender for a procurement if required. However, the leisure industry has not yet fully emerged from the impacts of the COVID pandemic, and remains in a period of considerable volatility, with ongoing uncertainty and service users still not back to pre-pandemic levels.

4.2 In line with many other local authorities in a similar contracting position and, following publication of reports about the ongoing financial challenges for the sectorⁱ, this council assesses that there is likely to be considerable financial risk from issuing a tender during the current market uncertainties. Contractors are likely to submit higher (and extensively caveated) management fee proposals to mitigate against the recovery risks, and an initial dialogue with other local authorities, has indicated that most are extending their current contracting arrangements from between 12 months and 3 years. The Council's procurement team has confirmed that a second contract extension period with the current provider would be lawful, as the pandemic is seen to be an exceptional circumstance.

4.3 The Council's partnership with GLL is performing well, and in October 2021, initial dialogue between the parties indicated that they would be willing to enter discussions for a second contract extension period. In October 2021, officers invited GLL to submit a proposal for a second extension term based on existing contract terms, for either a 2.5 or 4.5-year period.

4.4 Negotiations with GLL have now concluded, and the following has been agreed as acceptable to both parties for the proposed extension period:

1. A legally compliant process to extend the contract for a 2.5-year period ending 31 March 2026
2. A reduced contract management fee that delivers the council a saving of £84k pa (16% saving on the current management fee)
3. GLL to secure ongoing external funding to continue the extended summer opening at JGL and continuation of the additional winter opening (this element is self-financing)
4. Re-opening of Kings Hedges Learner Pool in spring 2022 and recommencement of the subsidised programme in this priority area

5. Strategic Review of Leisure

5.1 An extension to the current contract term until 31 March 2026, will enable completion of a strategic review of leisure and detailed options appraisal work to be completed, to inform the most optimal future leisure management arrangements for the council. No decisions have been made in advance of this review, but a range of options need to be assessed to ensure that city residents are served in the most financially efficient and effective way.

5.2 Given levels of population growth and provision of new facilities within the city in recent years, and those which are planned for the greater Cambridge area over the next 30 years, a strategic review is now required to assess where the council could consider opportunities to work differently, or more collaboratively, with others in future. This could be in both the provision of new leisure facilities or in terms of their ongoing operation and management.

5.3 Within the council's portfolio of leisure facilities are a number which are beginning to reach the end of their planned lifecycle and are likely to require significant investment, or replacement, in coming years. Rather than planning for this succession in isolation as a District, developing a long-term vision and outcomes with partners in the Greater Cambridge footprint could help to develop a joint long-term vision and deliver shared outcomes which are more achievable within a climate of much more constrained public sector finances.

5.4 The review will form part of the Our Cambridge Programme and will look at how delivery of leisure facilities and services could be transformed to enable continuity of service provision for city residents, within a budget envelope that can be sustained into the future.

5.5 The review will be completed Spring/Summer 2022, and its findings will be used to inform a detailed options appraisal assessing how the council could deliver future leisure services and whether some facilities could be managed differently, outside of the current contract management arrangement. It is intended to bring back recommendations from the options appraisal work to Committee in March 2024.

6. Jesus Green Lido Extended Summer and Winter Opening Pilot

6.1 The current Extended Summer Season (ESS) is a change to the contractual opening times for the season. The ESS started in the 2020 season and make provision for the Lido to be able to open from 7am daily, during May to September. These additional opening hours have been enabled by external funding secured by GLL, to meet the £70k cost per season.

6.2 However, this funding support is due to end when the current contract term ends on 30th Sept 2023, and from this date its continuation will require

additional funding of £70K pa to continue. GLL are currently seeking to secure this additional funding to enable the ESS hours to continue for the proposed contract extension period, until September 2025.

6.3 If the additional funding cannot be secured by GLL, then there are several options for continuation of the ESS, including being financed by the Council or other partners or reducing the ESS hours. If funding cannot be secured, then JGL will return to the contractual opening hours for the 2024 and 2025 summer seasons.

6.4 JGL Additional Winter Opening (AWO) from October over the winter months, is an additional service provided by GLL on a cost neutral basis, as it eliminates some of the need for an end of season shut down and pre-season set up costs. The winter extended opening is already included in the apportioned maintenance costs within the council's contract and could continue following a review of the success of the trial.

7. Review of the AWO trial period

7.1 The AWO has been able to continue over the duration of what would normally be the closed season in 2021-22 and has offered a range of swimming opportunities at the Lido. The AWO opening hours have been operating in three phases:

- a. The first phase allowed for 7-day access but over reduced hours until the end of October, making best use of daylight hours and opened for **36** hours per week.
- b. Phase two saw a transition from 7 days a week to 4 days a week based on the previous 6 weeks usage and previous consultation feedback for when the public would want to swim. With the introduction of lighting around poolside this allowed for early morning and evening sessions to continue and offered **29** hours per week swimming.
- c. Phase three commenced in December as the pool temperatures dropped rapidly, and continues to operate currently, reducing the opening down to three days a week, offering **18** hours per week swimming.

7.2 Appendix 1 Tables 1 and Table 2, show a summary of JGL AWO hours and 2021-22 attendance figures. Despite the slow decline in the Lido's

temperature from 24°C in the summer months, dropping to its lowest reading of 4.4°C in January 2022, a steady range of pool temperatures from 6°C – 8°C has been maintained over the last three months and swimmers have continued supporting the JGL, with over 1,500 visits recorded per month averaging 125 swims per 4-hour session offered, during the AWO.

7.3 In November 2022, the council installed additional lighting at JGL and this has had a huge impact in being able to extend the operational hours after dark, and in creating a new and unique ambience to the pool over the winter months. AWO has enhanced awareness of JGL across cold and wild swimming groups in the UK, and it features on numerous swimming social media channels.

7.4 At the end of March the AWO hours will end and GLL will then open the pool to the Spring / Summer 2022 timetable, as shown in Appendix 1 Table 3.

7.5 To conclude, the AWO has been successful and there has been good support from swimmers to continue swimming in water temperatures around 5°C. The additional poolside lighting offers a unique early morning and evening swimming experience, and GLL will seek to continue to open the Lido beyond September 2022 as per the trial opening hours offered over 2021/22 and there remains support from the swimming community.

8. Update on the Carbon Reduction Programme

8.1 As identified in the current Climate Change Strategy, the Leisure portfolio is the biggest Carbon emitter within the Council, accounting for 27% of the council's total emissions.

8.2 The leisure facilities have been investing in carbon reducing measures over the last few years from Solar Thermal and Solar PV to variable speed drives on motors, and other measures. In February 2021, the Recreation team working with Bouygues were successful in securing a Central Government Grant of just over £1.7M from the Public Sector Decarbonisation Scheme (PSDS) to invest in a range of carbon reducing measures at Parkside and Abbey Pools.

8.3 The PSDS funds have to deliver the proposed projects within a 15 month window from 1st April 2021, and the programme is on target to deliver the full range of measures within the approved timescales at the pools, despite a

challenging period over the last 12 months, with limited and reduced supply chains and very long lead in times for equipment.

8.4 The range funded measures are identified in Appendix 2 and in summary are a range of Air Source Heat Pumps, new Building Management Systems and digital motors, which will achieve savings of:

a) Abbey Leisure Complex

872,000kwh and 184 Tonnes of Carbon PA a 53% reduction

b) Parkside Pools

1,739,000kwh and 336 Tonnes of Carbon PA a 27% reduction

In total this is over 2,610,000kwh and 520 Tonnes of Carbon.

The measures will result in an estimated 9% reduction in the council's total carbon emissions and will mean that the leisure sites could be responsible for approximately 18% of the council's total carbon emissions (down from 26% in 2019/20).

8.5 The next phase of the programme for achieving net zero carbon at leisure facilities, is to operate them and review the new saving measures over the next 12 months to establish a new base line of consumption. Officers will continue to work with Bouygues to assess on how best to achieve the final reductions required and what measures, projects and level of capital investments are required to achieve net zero carbon within the leisure portfolio.

8.6 Projects will be worked up to Investment Grade Proposals (IGPs) to have schemes ready to submit to any future PSDS rounds, or other external funding opportunities. This is so that schemes can be entered at the earliest opportunity when funding rounds open, as experience shows that funds are usually allocated on a first come first served basis, if they meet the application criteria.

8.7 GLL are committed to working with the council to reduce carbon emissions of buildings within the Leisure Contract and continue to manage the buildings in the most carbon efficient manner.

9. Implications

a) Financial Implications

GLL has confirmed an £84k pa saving in the value of the contract management fee (excluding any rises in CPI inflation), for each additional year of the extended period, until 31 March 2026.

b) Staffing Implications

None

c) Equality and Poverty Implications

An EQIA has been completed at Appendix 3 and no adverse impacts have been identified that require mitigation by this proposal.

d) Net Zero Carbon, Climate Change and Environmental Implications

A Climate Change Rating Tool has been completed at Appendix 4 and assessed a nil climate change rating assessment for the extension of the Contract duration.

e) Procurement Implications

The report recommends a second extension outside of the current management contract terms. The Council's procurement team has confirmed that a second extension would be lawful, as the pandemic is seen to be an exceptional circumstance and there are no changes to the Contractual terms and conditions.

f) Community Safety Implications

None.

10. Consultation and communication considerations

Public consultation was not required for this report.

11. Background papers

No background papers were used in the preparation of this report.

12. Appendices

Appendix 1	Additional Winter Opening data for Jesus Green Lido
Appendix 2	PSDS funded installations & savings
Appendix 3	Equality Impact Assessment
Appendix 4	Climate Change Rating Tool Assessment

13. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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ⁱ <https://communityleisureuk.org/news/new-report-evidences-continued-financial-challenges-for-the-public-leisure-and-culture-sector/>